

CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU

RELEASE NO. 99-2-S

TO: ALL INTERESTED PARTIES

SUBJECT: The Registration and Procedural Process of Successor Firms and the Applicability of the Michigan Uniform Securities Act

General Background:

Questions have been raised regarding the process for registration of successor firms under the Michigan Uniform Securities Act, 1964 PA 265, as amended (the "Act"). This process has caused confusion since the NASD and other state jurisdictions often process successor applications as a name change.

Section 202(b) of the Act provides that every applicant filing an application for registration of a successor pursuant to Section 202(c) shall pay a filing fee of \$100.00 for the unexpired portion of the year.

Section 202(c) of the Act provides that an investment adviser or broker-dealer may file an application for registration of a successor whether or not the successor is then in existence. The administrator may grant or deny the application.

Currently, the Bureau requires that a registered broker-dealer or investment adviser file a successor application consisting of a complete Form BD (or Form ADV), Consent to Service of Process, financials for the prior entity, pro forma financials for the new entity, copy of the Articles of Incorporation or other organizational documents for the new entity, \$100.00 successor fee and Form BDW or a written request to withdraw the prior investment adviser registration. The new applications are reviewed as a new applicant.

Although the Act does not have a definition of a "successor", normally it has been defined as a registrant firm changing its legal status. An example would be if a corporation became incorporated in another state or if a corporation or partnership would convert or merge into a limited liability company, and substantially all assets and liabilities would be assumed by the new entity.

Action or Interpretation:

Effective immediately, the Bureau now will require the following items to be filed for a successor entity:

1. An executed Page 1 and 2 of Form BD (or Form ADV) showing the change of the entity together with a Consent to Service of Process. A new application file will no longer be set up.
2. A \$100.00 filing fee.
3. A copy of the amended Articles of Incorporation or other organizational documents for the new entity. When the requested information is received and reviewed, the Bureau will enter an amended registration order.

Authority:

Uniform Securities Act, 1964 PA 265, as amended.

Signed by Julie Croll, Director
Corporation, Securities and Land Development Bureau

Dated: November 22, 1999